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FM AMEMBASSY BEIRUT
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5755
INFO RUEHXX/ARAB ISRAELI COLLECTIVE PRIORITY
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RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHNO/USMISSION USNATO PRIORITY 0341
RHEHNSC/NSC WASHDC PRIORITY
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY

UNCLAS SECTION 01 OF 02 BEIRUT 003092

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NSC FOR ABRAMS/DORAN/MARCHESE/HARDING

E.O. 12958: N/A

TAGS: [ECON](#) [IS](#) [LE](#) [PGOV](#) [PREL](#) [PTER](#) [SY](#)

SUBJECT: LEBANON: PRESIDENTIAL DELEGATION OFFERS TO HELP

REFORMISTS IMPLEMENT A NEW VISION FOR LEBANON

SUMMARY

11. The Presidential Delegation for Lebanon, headed by Assistant Secretary Dina Habib Powell met with a broad cross-section of Lebanese pro-reform elements and offered to help them transform the country's economy to meet the challenges of the 21st century, which in turn would create conditions conducive to the development of strong, resilient democratic institutions. Ironically, just before the Delegation arrived in Beirut, Hizballah's reactionary leader Hassan Nasrallah was railing against the Siniora government at a large rally in south Beirut in which he threatened to wage unrelenting conflict if his organization's irrational demands are not met. The existence of these two diametrically opposed visions -- the reformists desire for a democratic, peaceful, prosperous Lebanon versus Nasrallah's vision of continuous conflict with its attendant glorification of martyrdom -- places Lebanon at a critical crossroads. If successful, the Presidential Delegation will become a key enabler in the emergence of a dynamic democracy and a model for the region. End summary.

12. The recently established Presidential Delegation for Lebanon traveled to Beirut on September 22-23 and held discussions with a wide range of representatives from business, academia, non-government organizations, media, international organizations, and the Lebanese government. In addition, the Delegation visited numerous sites in south Lebanon and Beirut to see first-hand the needs of the country's numerous communities and directly interact with the Lebanese people. The Delegation which is comprised of the Assistant Secretary, Mr. John Chambers, President and CEO, Cisco Systems, Mr. Yousif Ghafari, Chairman, Ghafari Inc., Mr. Ray Irani, Chairman, Occidental Petroleum Corporation, Ambassador Jeffrey Feltman, and Mr. Craig Barrett, Chairman, Intel Corporation (did not travel to Lebanon), announced the launch of a nation-wide effort to demonstrate U.S. private sector support for Lebanon's reconstruction and development. (Others, including AID DAA Mark Ward, also participated.) The heart of this effort will be the creation of the U.S. - Lebanon Partnership, which is a long-term commitment by the American people to assist the people of Lebanon through active private-sector participation achieve a free, open, prosperous society.

13. In a highly compressed schedule, the Delegation members visited university campuses, infrastructure sites damaged in the recent conflict (and being repaired with US funds), sites with environmental clean-up requirements, and held

discussions with progressive-minded business and government leaders. In all these meetings, the Delegation members urged their Lebanese counterparts to persevere and set their goals high. The Delegation explained that their mission had the full support of the President and would seek to harness the enormous generosity of the American people.

BUSINESS LEADERS COMMIT

¶4. In a meeting with the leaders of the Lebanese - American Chamber of Commerce, the Delegation listened to proposals to develop venture capital funds, subsidized loan programs for businesses, research and development funds, and a fund to support pro-bono and charitable organizations. Mr. Chambers, however, urged the Lebanese business leaders to think even larger, that is, not to simply aspire to repair the damaged economy, but to take the opportunity to develop Lebanon into a regional leader in education, medical services, telecommunications, tourism, and finance. Mr. Chambers emphasized his conviction that with its inherent advantages in education, language and geography, Lebanon was exceptionally well positioned to leap past its former capabilities and, by using new technologies, create a 21st century economy that would create large numbers of new, high-paying jobs and become a magnet for the large Lebanese Diaspora that is now spread across the globalized economy. The business leaders expressed uncertainty that their system could support such a radical transformation, but committed themselves to the attempt.

NON-GOVERNMENT ORGANIZATIONS

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¶5. The Delegation also held an extended forum with the ten leading US-funded Non-government Organizations presently at work in Lebanon. In discussing the situation and the challenges facing the just-beginning reconstruction effort with groups as diverse as World Vision, Catholic Near East Welfare Association, World Rehabilitation Fund, and the Cooperative Housing Foundation, the delegates learned that Lebanon is both uniquely endowed with a strongly developed sense of community, yet also faces enormous challenges in the "zero-sum" mind set of confessional politics.

¶6. The Delegation members affirmed their intention to utilize the experience and knowledge base of the NGO community, especially those US organizations that are known and respected by USG foreign assistance programs. For their part, the NGOs expressed their keen interest in continuing to work closely with the USG, despite recent campaigns by Hizballah to demonize the US effort in Lebanon as hegemonic. The organizations also stated their interest in the Delegation's plans and pledged their cooperation in the developing effort.

¶7. One comment by the representative from World Vision in particular caught the Delegation's attention. He noted that in his numerous interactions with moderate elements in Lebanon's Shia community, a recurring urgent request was that the Shia community be given a equitable voice in the political and economic life of the country. This experienced administrator strongly recommended to the delegates that they bear this in mind when the proposed Partnership Fund begins to prioritize and implement its programs.

PRO-REFORM PROGRAM STRONGLY CHALLENGED BY HIZBALLAH'S OBSESSION WITH ISRAEL

¶8. As previously noted, the Delegation's work began at the same time Hizballah's Nasrallah was excoriating the U.S. and the pro-reform Siniora government. With stentorian language that veered from threats "...we still have more than 20,000

missiles and, if necessary, will use them..." to cajoling his followers to remain loyal to the "resistance," Nasrallah presented a vision for Lebanon's future that was bleakly committed to long-term conflict and a steady worsening of the quality of life for this once vibrant nation.

¶9. As a result of these two competing visions -- one committed to a free, open society and the other a captive to fear and repression -- Lebanon's now faces a difficult choice. Not difficult because both visions are attractive, but difficult because the proponents of one vision use threats and act in complete disregard for the welfare of the nation.

¶10. The Presidential Delegation offered to help the Lebanese people transform their society and appeared to strike a chord across many confessional and economic lines. It appears from the numerous discussions that a critical mass for reform and democracy exists in Lebanon, but it will require considerable resources and long-term commitments, such as the proposed Partnership. (A message on the Delegation's meeting with Prime Minister Siniora will be transmitted septel.)
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